

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Washtenaw County Money Purchase Pension Plan		County Washtenaw
Audit Date 12/31/05	Opinion Date 2/10/06		Date Accountant Report Submitted to State: 3/22/2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

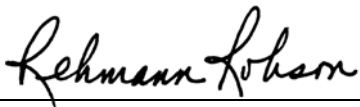
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025	City SAGINAW	State MI	Zip 48605
Accountant Signature 			

**WASHTENAW COUNTY
MONEY PURCHASE PENSION PLAN**

Financial Statements

**For The Years Ended
December 31, 2005 and 2004**



REHMANN ROBSON

Certified Public Accountants

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004	
Statements of Plan Net Assets	2
Statements of Changes in Plan Net Assets.....	3
Notes to Financial Statements.....	4-5

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

 an independent member of
BAKER TILLY
INTERNATIONAL

INDEPENDENT AUDITORS' REPORT

February 10, 2006

To the Board of Trustees
Washtenaw County Money Purchase Pension Plan
Ann Arbor, Michigan

We have audited the accompanying statements of plan net assets of the **Washtenaw County Money Purchase Pension Plan** (the "Plan") as of December 31, 2005 and 2004, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Money Purchase Pension Plan pension trust fund and do not purport to, and do not, present fairly the financial position of Washtenaw County as of December 31, 2005 and 2004, and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plan's net assets held in trust for pension benefits at December 31, 2005 and 2004, and changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.



FINANCIAL STATEMENTS

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Statements of Plan Net Assets

December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Investments, at fair value - mutual funds	\$ 48,454,185	\$ 41,098,710
Liabilities - Accrued liabilities	<u>-</u>	<u>-</u>
 <u>Net Assets Held in Trust</u> <u>for Pension Benefits</u>	 <u>\$ 48,454,185</u>	 <u>\$ 41,098,710</u>

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Statements of Changes in Plan Net Assets

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Additions to net assets		
Contributions:		
Employees	\$ 2,929,866	\$ 2,814,747
Employer	<u>3,276,943</u>	<u>3,149,153</u>
Total contributions	<u>6,206,809</u>	<u>5,963,900</u>
Investment income:		
Interest and dividends	1,740,919	886,064
Appreciation in fair value of investments	<u>1,574,121</u>	<u>2,508,474</u>
Total investment income	<u>3,315,040</u>	<u>3,394,538</u>
Other additions	<u>15,959</u>	<u>67,962</u>
Total additions to net assets	<u>9,537,808</u>	<u>9,426,400</u>
Deductions from net assets		
Payments to terminated participants	2,067,561	2,244,493
Administrative expense	<u>114,772</u>	<u>59,456</u>
Total deductions from net assets	<u>2,182,333</u>	<u>2,303,949</u>
Increase in net assets	7,355,475	7,122,451
Net assets held in trust for pension benefits, beginning of year	<u>41,098,710</u>	<u>33,976,259</u>
Net assets held in trust for pension benefits, end of year	<u><u>\$ 48,454,185</u></u>	<u><u>\$ 41,098,710</u></u>

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Notes To Financial Statements

1. PLAN DESCRIPTION

The Washtenaw County Money Purchase Pension Plan (MPPP; the “Plan”) is a defined contribution pension plan established and administered by Washtenaw County (the “County”) to provide benefits at retirement to all regular employees of the County hired on or after January 1, 1989 who work greater than 50% hours. Plan members are required to contribute 6.0% or 7.5% of covered salary depending on the particular collective bargaining unit to which they belong. The County is required to match the plan member contributions. Plan provisions and contribution requirements are established and may be amended by the Washtenaw County Board of Commissioners, subject to the County’s various collective bargaining agreements.

The Plan is included as a pension trust fund in the County’s financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The MPPP financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

3. INVESTMENTS

The Michigan Public Employees Retirement Systems’ Investment Act, Public Act 314 of 1965, as amended, authorizes the Plan to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments including mutual funds, subject to certain limitations.

The Plan’s investments are held by its trustee, a third-party financial institution. The management agreement between the Plan and the trustee requires fifteen separate mutual funds, including eleven stock funds, one balanced fund, one bond fund, one guaranteed interest fund, and a self-directed brokerage option. Participants select the particular funds into which their contributions and the related County matching contributions are made.

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Notes To Financial Statements

Plan investments as of December 31 are summarized as follows:

	<u>2005</u>	<u>2004</u>
Mutual funds:		
Prudential Guaranteed Interest Account	\$ 9,043,905	\$ 7,913,275
American Balanced Fund A	6,073,051	5,570,233
Jennison U.S. Emerging Growth Fund A	2,249,123	2,021,733
PIMCO Total Return Fund A	4,740,089	3,887,300
Growth Fund of America A	6,755,456	5,268,810
Van Kampen Growth & Income Fund A	4,984,607	3,916,729
Dryden Stock Index Fund Z	5,796,543	5,545,341
Euro Pacific Growth Fund A	3,234,755	2,356,788
AIM Small Cap Growth Fund A	3,578,865	3,195,244
Eaton Vance Worldwide Health Sciences A	448,009	404,514
Seligman Communication & Information A	389,467	281,849
Jennison Equity Opportunity Fund A	-	498,461
AIM Mid Cap Equity Fund A	172,219	122,046
Prudential Self-directed Brokerage Holdings	131,171	116,387
AP Fund	168	-
Dreyfus Premium Small Cap A	10,304	-
Lord Abbett Mid Cap Value	<u>846,453</u>	<u>-</u>
Total investments	<u>\$ 48,454,185</u>	<u>\$ 41,098,710</u>

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2005 the Plan's bond mutual fund was rated AAA by Standard & Poor's rating agency. The Plan's investment policy does not address credit risk.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. At December 31, 2005, the Plan's bond mutual fund is an open-end mutual fund. Accordingly, the Plan's investments are not exposed to custodial credit risk. The Plan's investment policy does not address custodial credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2005, the weighted average maturity of the Plan's bond mutual fund was 5.63 years. The Plan's investment policy does not address interest rate risk.
